Business Project Dossier

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LIM 552: Strategic Information and Competitive Analysis

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I. Company Profile

Tesla is a publicly traded automobile company based out of Austin, Texas. Tesla is a massive company, consisting of 40,473 employees and with a net income of 4,999,000,000. As of January 2nd, 2004, there are 9,300 shareholders. Owned by Elon Musk, the company focuses on several environmentally friendly products but focuses primarily on its automobiles. While Tesla sells their cars internationally, this dossier will focus on the company’s American dealings for the sake of clarity and brevity (Mergent Online, 2024).

Tesla’s CEO, Elon Musk is one of the most recognized CEOs in today’s industry. According to Forbes, Musk is currently the second richest person in the world with a net worth of $195 billion (Forbes, 2024). Musk graduated from the University of Pennsylvania with a Bachelor’s in Physics and Business. Musk has had a variety of other business ventures throughout his life but has sold many of them. Current endeavors are Starlink, SpaceX, Tesla, Neuralink, The Musk Foundation (a nonprofit), The Boring Company, X (formerly Twitter), and XAI, a competitor to OpenAI, which he formerly owned. Past endeavors include PayPal, Zip2, OpenAI, and Solar City (Madison Trust, 2023).

Tesla produces a variety of energy-efficient products including massive battery energy storage devices, solar panels, and most notably, their automobiles. Tesla’s electric automobiles are environmentally friendly, innovative, and feature self-driving technology. There are currently five

Tesla models available: the Model S, Model X, Model 3, Model Y, and most recently, the Tesla Cybertruck (Tesla, 2024). Upcoming products include the Tesla Semi, the second-generation Roadster, which is a continuation of the first and only discontinued Tesla vehicle), and a yet unnamed car referred to as “Model 2” by the media (Ramey, 2024)(Morris, 2023). While still considered to be fairly expensive cars, the price of Teslas has dropped throughout 2023 and 2024, causing them to become much more accessible to the general public, but are still fairly expensive (Crothers, 2023). The number of Tesla drivers has increased substantially since 2016, and the city of Dubai has even included Tesla Model 3s in its taxi fleet (Carlier, 2024)(Mintel, 2022).

Tesla’s SIC code is 3711 and their NAICS is 336111. Tesla’s stock has seen a difficult several months as it continues to decline. The company’s share price has dropped over 25% just this year alone. While it is currently one of the lowest-performing stocks, its index has risen by 10%. This could be in part due to poor sales, numerous safety-related lawsuits, and a decreasing public opinion of CEO Elon Musk (Zahn, 2024).

Recently, Tesla has been in the news somewhat frequently for a variety of safety issues and lawsuits. Most recently on April 19th 2024, Tesla recalled 3,878 of its Cybertrucks due to a glaring issue with the accelerator pedal. Due to either a manufacturing or quality assurance error, the accelerator pedal occasionally slips off and gets lodged in the interior trim, forcing the pedal down. The recalled vehicles will be replaced or repaired free of charge and returned to their owners. According to Reuters, “The company's shares fell nearly 3% before the bell on Friday, adding to its five-session losing streak during which the stock lost about 14%.”(Reuters, April 2024). At the time of writing, Tesla’s stock price has dropped for the sixth day in a row and is currently down 147.05 (Reuters, April 2024). This is not the first of Tesla’s safety-related issues this year. In February 2024, the National Highway Traffic Safety Administration (NHTSA) began to investigate 334,000 Model 3 and Y vehicles involving a reported power steering issue (Reuters, February 2024).

II. Competitor Profile

The Ford Motor Co. is a publicly traded automobile company that has dominated the American market since its inception in 1903. It was initially incorporated in June of that year in Michigan but was reincorporated in 1913 in Delaware; it remains in that state to this day. Henry Ford built his first vehicle in 1896 and was a founding member of the Detroit Automobile Company before breaking off to begin his own company. He introduced the Model T in 1908, introduced the integrated moving assembly line to automobile production in 1913, and gave his employees the infamous ‘$5 a day’ salary, double the existing wage in 1914 (Ford, n.d.). These innovations became known as ‘Fordism’ and have been adopted by companies around the globe.

Ford remains successful in the modern-day automobile industry and is the 2nd largest U.S. based automaker behind General Motors, and the 6th largest in the world, behind Toyota, Volkswagen, Hyundai, Stellantis, and General Motors (Mergent Online, n.d.). It is the eleventh-ranked overall American-based company in the 2018 Fortune 500 list, based on global revenues in 2017 of $156.7 billion, and Ford produced 5.532 million automobiles and employs about 213,000 employees at around 90 plants and facilities worldwide (Mergent Online, n.d.).

Ford Motor Co. has “notable market share in at least seven industries: Manufacturing, Automobile & Light Duty Motor Vehicle Manufacturing, Automobile Engine & Parts Manufacturing, Automobile Metal Stamping, Wholesale Trade, Automobile Wholesaling, Hybrid & Electric Vehicle Manufacturing and Wholesale Trade. Their largest market share is in the Automobile Metal Stamping industry, where they account for an estimated 35.8% of total industry revenue” (IBISWorld, n.d.). These sectors encapsulate the supply chain process and distribution of industry goods, the manufacturing of new products from raw inputs, the manufacturing of engines and its relevant parts, and the manufacture of hybrid and electric vehicles. These segments can be more easily broken down into “Automotive, which includes the sale of Ford and Lincoln vehicles, service parts, and accessories; Mobility, which includes development costs for its autonomous vehicles and related businesses, its equity ownership in Argo AI, LLC, and other mobility businesses and investments; and Ford Credit, which includes the business on a consolidated basis, that is vehicle-related financing and leasing activities” (Mergent Online).

Ford Motor Co. has recently established the ‘Ford+’ program “for growth and value creation, intended to transform our company to win in this new era of electric and connected vehicles by developing always-on customer relationships, must-have connected products and services, and by leading the electric vehicle revolution” (Ford, n.d.) The Hybrid & Electric Vehicle Manufacturing industry is typically defined under three core revenue-generating products: electric vehicles, hybrid electric vehicles, and plug-in electric vehicles. Ford provides all three to market, whereas Tesla does not provide hybrids, or electric vehicles or plug-in electric vehicles (IBISWorld, n.d.).

The industry revenue for Ford Motor Co., across all vehicles, is estimated to be $6.6bn in 2024, an annual increase of 54.7% since 2020, when it was stalled at $1.2bn (IBISWorld, n.d.) This revenue is above average compared to the industry and Ford’s annual growth has outperformed the industry, continuing to operate above average. Ford accounts for 6.3% of all revenue in the Hybrid and Electric Vehicle Manufacturing space, against Tesla’s 43.4%. However, “Ford Motor Co has seen an increase in their market share of 1.5pp since 2020 while Tesla, Inc. has decreased by -6.3pp” and is marked as a disruptor in this space off its previously low market share that is growing rapidly without strong, but steady, profits. (IBISWorld, n.d.).

III. Industry Profile

The hybrid and electric vehicle manufacturing industry in the United States is growing exponentially as threats from climate change impact our daily lives. Hybrid and electric vehicles offer environmentally conscious products that are becoming more accessible. This report will focus on U.S. manufacturing rather than international manufacturing companies, but it is important to note that international companies threaten domestic manufacturing. The industry has a revenue of $104.8 billion and a profit of $6.3 billion and is growing (Jozkowski, 2024).

The industry offers electric vehicles (EV), hybrid electric vehicles (HEV), plug-in electric vehicles (PEV), and plug-in hybrid vehicles (PHEV). The major competitors are Tesla, Toyota, Ford, and General Motors. Some external drivers include the rising cost of gas, consumers wanting eco-friendly vehicles, demand for cars from car dealerships, and the trade-weighted index of the U.S. dollar to close trading partners (Jozkowski, 2024).

The U.S. government has programs offering tax breaks for consumers to buy an EV and grants to fund research and development in EV technology. The industry is focusing on consumer concerns about battery distance, charging stations, and the cost of EVs. The grants from the government are funding these efforts. One initiative called Electric Vehicles for American Low-Carbon Living (EVs4ALL) focuses on developing fast-charging batteries that work in low-temperature environments (Jozkowski, 2024). These initiatives and developments will increase the industry and make electric vehicles more accessible.

Porter’s Five Forces:

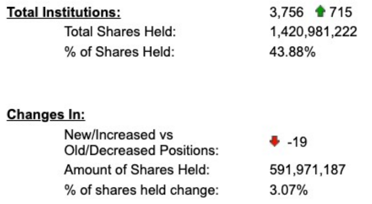
- Competitive Rivals: Tesla is the top hybrid and electric auto industry company. Its competitors are Toyota, Ford, General Motors, and Honda. For this dossier, we will mainly focus on American HEV manufacturing companies. However, it is important to note the other competitors, especially when international manufacturing plays an important role in direct competition for Tesla. The more competitors there are the more rivalry within the industry.
- Power of Suppliers: When a company has something another does not, it has the power to drive the price of the goods up. In the HEV manufacturing industry, Tesla has ruled the competition because it offers innovative and unique products. When Tesla does well, other companies can create similar products, and suppliers can dictate the price of the products.
- Buyer Power: “When customers have more strength, they can exert pressure on businesses to provide better products or services at lower prices” (Gratton, 2024). To inspire people to buy electric vehicles, HEV buyers are being offered tax credits and other incentives. With more companies providing HEVs, buyers have more power to choose

the right vehicle for their needs. More companies offering HEVs give the buyer more power to make an informed decision on their vehicle purchase.

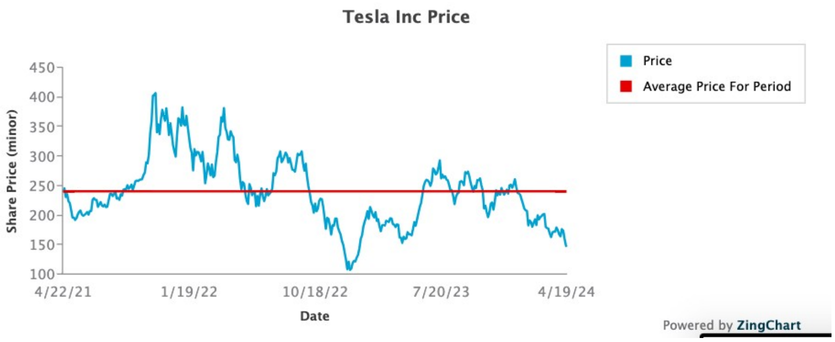
- Threat of Substitutes: A substitute product for HEV manufacturers is public transportation. It is environmentally friendly and cheaper than buying a car. The downside to public transportation is that only some cities have the infrastructure or a good system. Another substitute that holds a lot of power is gas-powered vehicles. Many people already own a car and might not be willing to change to an HEV.
- Threat of New Entrants: Many things to consider, like legal regulations for auto manufacturing, can make entering this industry difficult. Differentiation from the competition can mean the possibility of new or existing companies creating HEVs.

IV. Data and Statistics

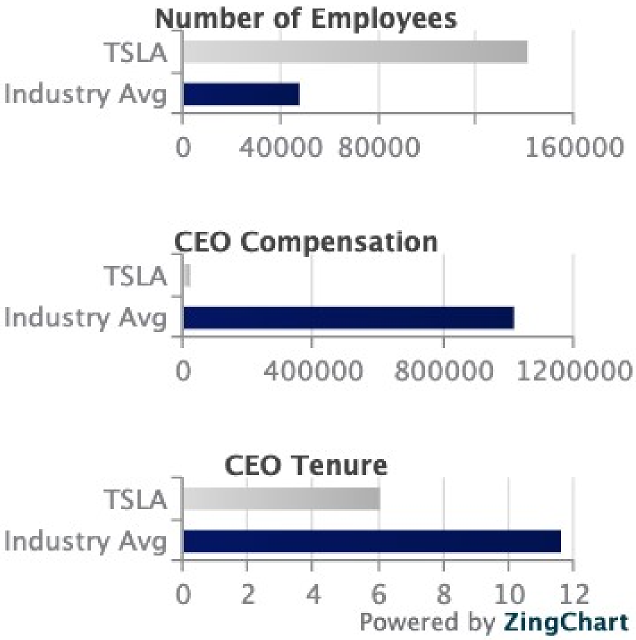
TESLA



Total Institutions:	3,756 ⬆ 715
Total Shares Held:	1,420,981,222
% of Shares Held:	43.88%
Changes In:	
New/Increased vs Old/Decreased Positions:	⬇ -19
Amount of Shares Held:	591,971,187
% of shares held change:	3.07%



Tesla Motors Incorporated. (n.d., n.d.). Tesla Inc.:Ownership. *Mergent Online.* *https://www-mergentonline-com.libproxy2.usc.edu/companyownership.php?compnumber=129614*



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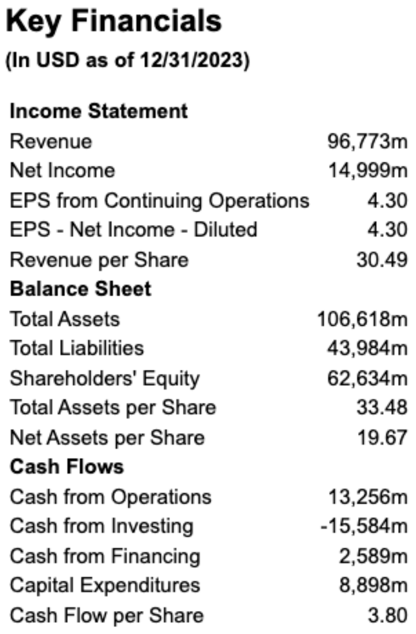


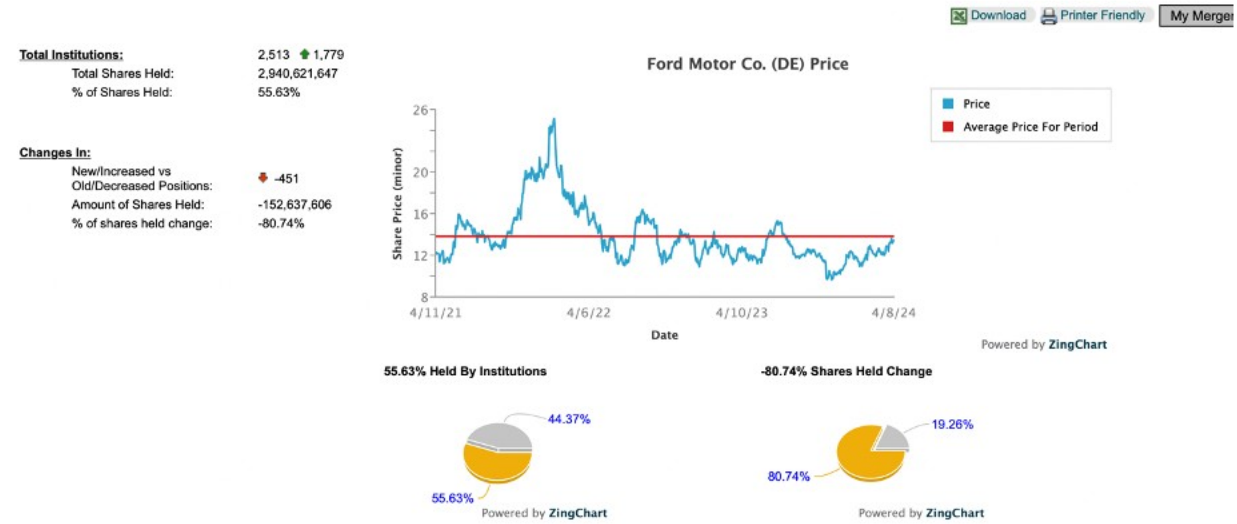
Key Financials

(In USD as of 12/31/2023)

Income Statement	
Revenue	96,773m
Net Income	14,999m
EPS from Continuing Operations	4.30
EPS - Net Income - Diluted	4.30
Revenue per Share	30.49
Balance Sheet	
Total Assets	106,618m
Total Liabilities	43,984m
Shareholders' Equity	62,634m
Total Assets per Share	33.48
Net Assets per Share	19.67
Cash Flows	
Cash from Operations	13,256m
Cash from Investing	-15,584m
Cash from Financing	2,589m
Capital Expenditures	8,898m
Cash Flow per Share	3.80

Tesla Motors Incorporated. (n.d., n.d.). Tesla Inc.:Company Details. *Mergent Online.* https://www-mergentonline-com.libproxy2.usc.edu/companyexecutives.php?compnumber=129614

FORD MOTOR CO.



Total Institutions: 2,513 ⬆ 1,779

Total Shares Held: 2,940,621,647

% of Shares Held: 55.63%

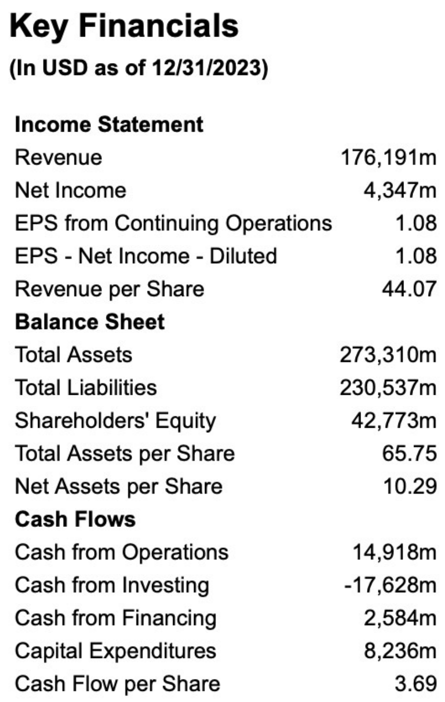
Changes In:

New/Increased vs Old/Decreased Positions: ⬇ -451

Amount of Shares Held: -152,637,606

% of shares held change: -80.74%

Mergent Online. (n.d., n.d.). Ford Motor Co. [Company profile]. *Mergent Online*. https://www-mergentonline-com.libproxy2.usc.edu/companyownership.php?compnumber=3424

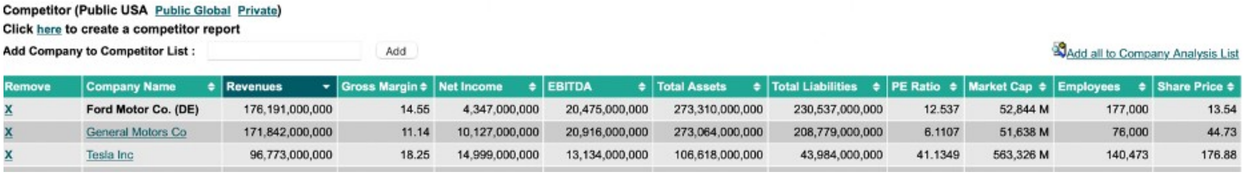


Key Financials

(In USD as of 12/31/2023)

Income Statement	
Revenue	176,191m
Net Income	4,347m
EPS from Continuing Operations	1.08
EPS - Net Income - Diluted	1.08
Revenue per Share	44.07
Balance Sheet	
Total Assets	273,310m
Total Liabilities	230,537m
Shareholders' Equity	42,773m
Total Assets per Share	65.75
Net Assets per Share	10.29
Cash Flows	
Cash from Operations	14,918m
Cash from Investing	-17,628m
Cash from Financing	2,584m
Capital Expenditures	8,236m
Cash Flow per Share	3.69

Mergent Online. (n.d., n.d.). Ford Motor Co. [Company profile]. *Mergent Online*. https://www-mergentonline-com.libproxy2.usc.edu/companyownership.php?compnumber=3424



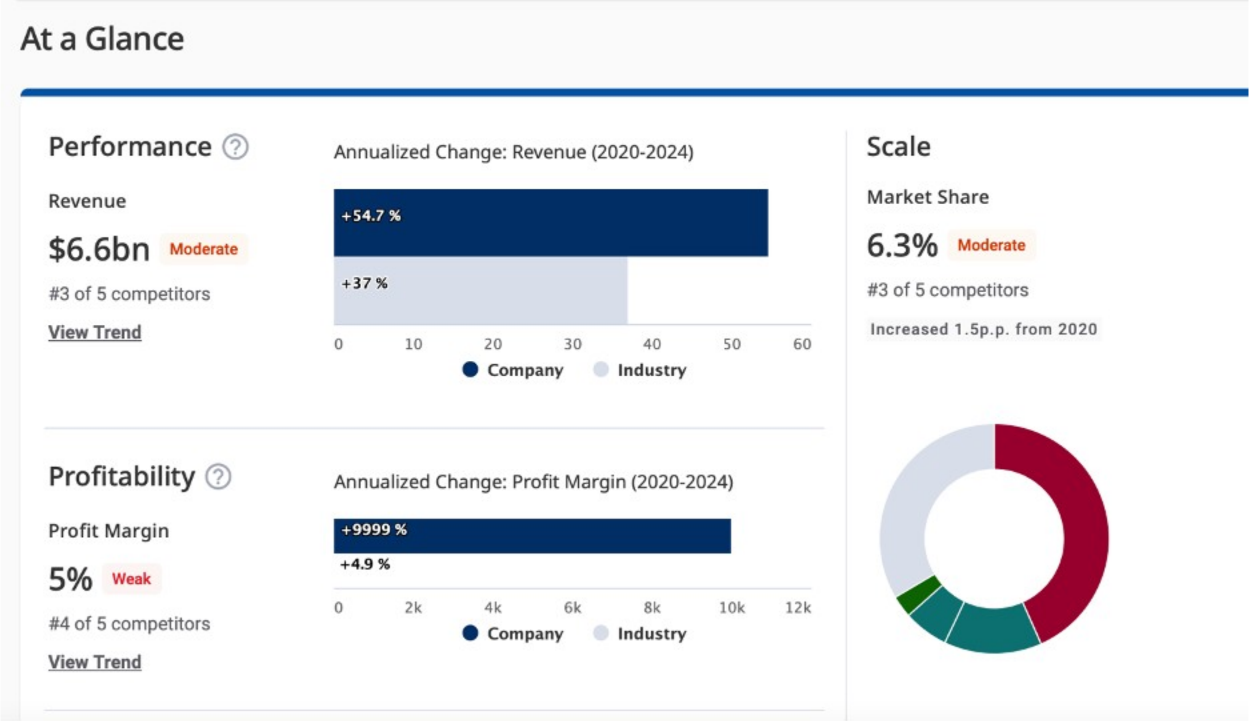
Competitor (Public USA Public Global Private)

Click here to create a competitor report

Add Company to Competitor List :

Remove	Company Name	Revenues	Gross Margin	Net Income	EBITDA	Total Assets	Total Liabilities	PE Ratio	Market Cap	Employees	Share Price
X	**Ford Motor Co. (DE)**	176,191,000,000	14.55	4,347,000,000	20,475,000,000	273,310,000,000	230,537,000,000	12.537	52,844 M	177,000	13.54
X	General Motors Co	171,842,000,000	11.14	10,127,000,000	20,916,000,000	273,064,000,000	208,779,000,000	6.1107	51,638 M	76,000	44.73
X	Tesla Inc	96,773,000,000	18.25	14,999,000,000	13,134,000,000	106,618,000,000	43,984,000,000	41.1349	563,326 M	140,473	176.88

Mergent Online. (n.d., n.d.). Ford Motor Co. [Company profile]. *Mergent Online*. https://www-mergentonline-com.libproxy2.usc.edu/companyownership.php?compnumber=3424



At a Glance

Performance

Revenue

$6.6bn Moderate

#3 of 5 competitors

View Trend

Profitability

Profit Margin

5% Weak

#4 of 5 competitors

View Trend

Scale

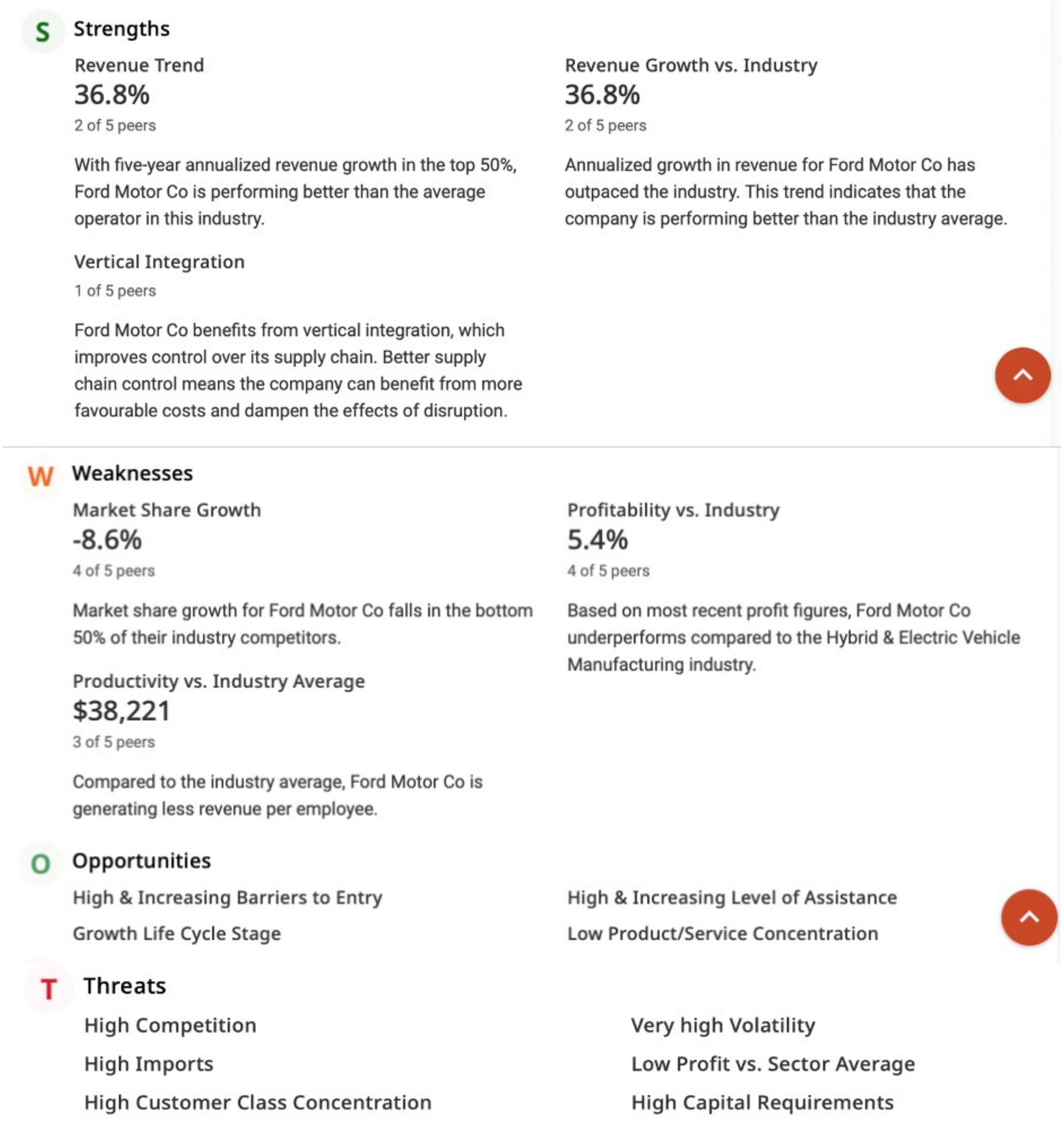
Market Share

6.3% Moderate

#3 of 5 competitors

Increased 1.5p.p. from 2020

IBISWorld. (n.d.). U.S. Company Benchmarking Report 348602: Ford Motor Co. https://my-ibisworld-com.libproxy2.usc.edu/search/?q=ford%20motor%20co



Strengths

Revenue Trend
36.8%
2 of 5 peers

With five-year annualized revenue growth in the top 50%, Ford Motor Co is performing better than the average operator in this industry.

Revenue Growth vs. Industry
36.8%
2 of 5 peers

Annualized growth in revenue for Ford Motor Co has outpaced the industry. This trend indicates that the company is performing better than the industry average.

Vertical Integration
1 of 5 peers

Ford Motor Co benefits from vertical integration, which improves control over its supply chain. Better supply chain control means the company can benefit from more favourable costs and dampen the effects of disruption.

Weaknesses

Market Share Growth
-8.6%
4 of 5 peers

Market share growth for Ford Motor Co falls in the bottom 50% of their industry competitors.

Profitability vs. Industry
5.4%
4 of 5 peers

Based on most recent profit figures, Ford Motor Co underperforms compared to the Hybrid & Electric Vehicle Manufacturing industry.

Productivity vs. Industry Average
$38,221
3 of 5 peers

Compared to the industry average, Ford Motor Co is generating less revenue per employee.

Opportunities

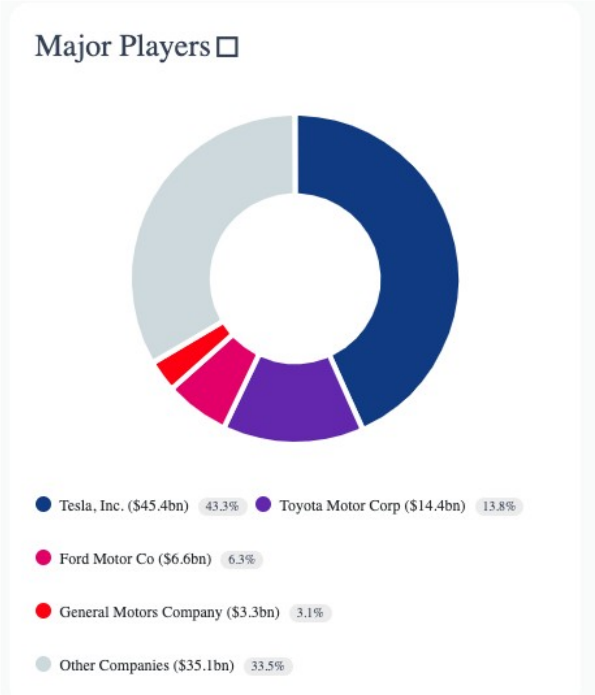
- High & Increasing Barriers to Entry
- Growth Life Cycle Stage
- High & Increasing Level of Assistance
- Low Product/Service Concentration

Threats

- High Competition
- High Imports
- High Customer Class Concentration
- Very high Volatility
- Low Profit vs. Sector Average
- High Capital Requirements

IBISWorld. (n.d.). U.S. Company Benchmarking Report 348602: Ford Motor Co. https://my-ibisworld-com.libproxy2.usc.edu/search/?q=ford%20motor%20co

INDUSTRY



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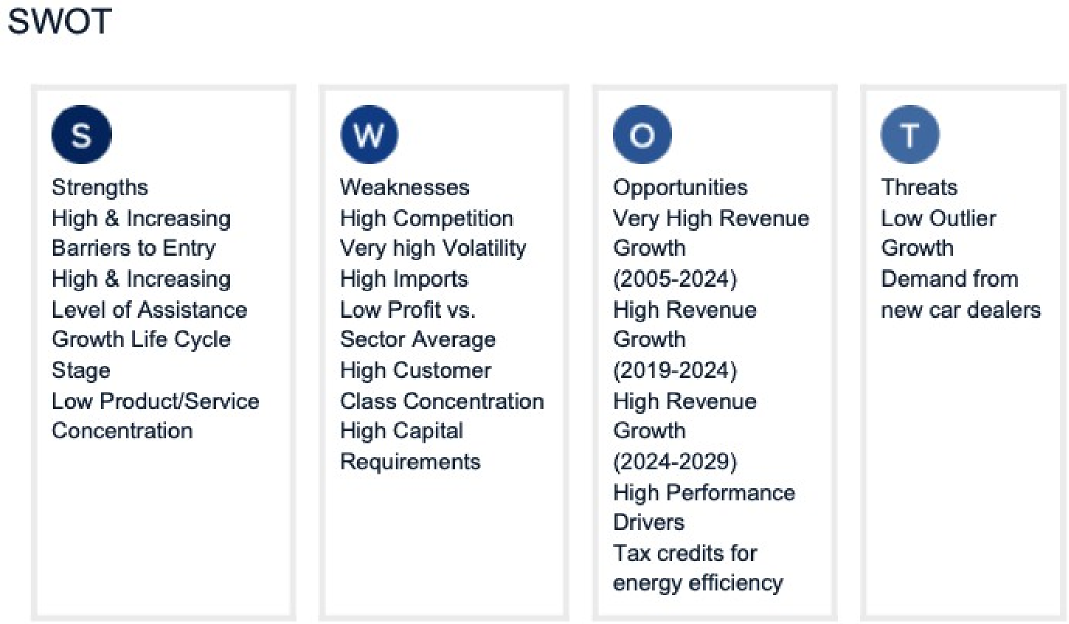
SWOT

S
Strengths
High & Increasing Barriers to Entry
High & Increasing Level of Assistance
Growth Life Cycle Stage
Low Product/Service Concentration

W
Weaknesses
High Competition
Very high Volatility
High Imports
Low Profit vs. Sector Average
High Customer Class Concentration
High Capital Requirements

O
Opportunities
Very High Revenue Growth (2005-2024)
High Revenue Growth (2019-2024)
High Revenue Growth (2024-2029)
High Performance Drivers
Tax credits for energy efficiency

T
Threats
Low Outlier Growth
Demand from new car dealers

Jozkowski, E. (2024, Jan). Hybrid & Electric Vehicle Manufacturing in the US. IBIS World. https://my-ibisworld-com.libproxy2.usc.edu/us/en/industry-specialized/od4516/about

APPENDIX

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